

**TECHNICAL REVIEW DOCUMENT
for
MODIFICATION TO OPERATING PERMIT 96OPRO132**

Public Service Company of Colorado – Hayden Station
Routt County
Source ID 1070001

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September and October 2012

I. Purpose:

This document establishes the decisions made regarding the requested modification to the Operating Permit for Public Service Company of Colorado's Hayden Station. This document provides information describing the type of modification and the changes made to the permit as requested by the source and the changes made due to the Division's analysis. This document is designed for reference during review of the proposed permit by EPA and for future reference by the Division to aid in any additional permit modifications at this facility. The conclusions made in this report are based on the information provided in the requests for modification submitted to the Division on June 19, 2012, e-mail correspondence and telephone conversations with the source. This narrative is intended only as an adjunct for the reviewer and has no legal standing.

Any revisions made to the underlying construction permits associated with this facility made in conjunction with the processing of this operating permit application have been reviewed in accordance with the requirements of Regulation No. 3, Part B, Construction Permits, and have been found to meet all applicable substantive and procedural requirements. This operating permit incorporates and shall be considered to be a combined construction/operating permit for any such revision, and the permittee shall be allowed to operate under the revised conditions upon issuance of this operating permit without applying for a revision to this permit or for an additional or revised construction permit.

II. Description of Permit Modification Request/Modification Type

The Operating Permit for Hayden Station was issued on May 1, 2001 and was renewed on April 1, 2009. Public Service Company of Colorado (PSCo) submitted a request to modify the permit on June 19, 2012 to include the requirements in Colorado Regulation No. 6, Part B, Section VIII for low emitters (LE) in the Hayden Station permit. As required by Colorado Regulation No. 6, Part B, Section VIII.D.2 applications to include the LE requirements must be submitted by July 1, 2012.

Colorado Regulation No. 3, Part C, Section X.A identifies those modifications that can be processed under the minor permit modification procedures. Since the changes requested in this modification do not violate any applicable requirements, do not involve

significant changes to existing monitoring, reporting or record keeping requirements, does not require or change a case-by-case emissions limitation, is based on underlying applicable requirements and is not otherwise required to be processed as a significant modification (e.g., does not increase emissions) this modification is being processed as a minor modification. .

III. Modeling

No physical changes to any emissions units were made with this modification, nor does this modification result in an increase in emissions, therefore, modeling is not required for this modification.

IV. Discussion of Modifications Made

Source Requested Modifications

The Division addressed the source's requested modifications as follows:

Section II.1

The LE requirements were included in Condition 1.19 of this permit.

Other Modifications

In addition to the requested modifications made by the source, the Division used this opportunity to include changes to make the permit more consistent with recently issued permits, include comments made by EPA on other Operating Permits, as well as correct errors or omissions identified during inspections and/or discrepancies identified during review of this modification.

The Division has made the following revisions, based on recent internal permit processing decisions and EPA comments on other permits, to the Hayden Station Operating Permit with the source's requested modifications. These changes are as follows:

Regional Haze Requirements

The Regional Haze Requirements are included in Colorado Regulation No. 3, Part F and are part of Colorado's Regional Haze Station Implementation Plan (SIP). EPA approved Colorado's Regional Haze SIP on September 11, 2012, although the notice has not yet been published in the Federal Register. The Regional Haze requirements that apply to Hayden Station include PM limits equal to the current PM limits, lower NO_x emissions limitations and lower 30-day average SO₂ emissions limitations.

The incorporation of the Regional Haze Requirements do not violate any applicable requirements, do not involve significant changes to existing monitoring, reporting or

record keeping requirements, does not require or change a case-by-case emissions limitation, is based on underlying applicable requirements and is not otherwise required to be processed as a significant modification (e.g., does not increase emissions), which are all requirements for processing a modification as a minor modification (per Regulation No. 3, Part C, Section X.A). In addition, the Regional Haze Requirements underwent a public comment period prior to adoption of the requirements in Colorado Regulation No. 3, Part F and the Division is including those requirements in Colorado Regulation No. 3, Part F. Therefore, the Division considers that the Regional Haze Requirements can be incorporated into the permit with PSCo's June 19, 2012 minor modification request. The permit was revised as follows to incorporate the Regional Haze Requirements:

Section II.1 – Coal-Fired Boilers

- The Regional Haze requirements were included in Section II, Condition 1.20.
- A “new” condition 1.1.4 was added to address compliance with the current PM emission limitation when the Regional Haze requirements take effect.
- The language in Condition 1.18.1 was revised to address the performance testing requirements for the Regional Haze PM limits.

Appendix G – CAM Plan

For the CAM requirements associated with the Regional Haze PM limit, the Division revised the opacity add-on maximum value to 3.5% rather than 5%. Although the Regional Haze PM limits are the same as the current PM limits (0.03 lb/MMBtu), the Division set a lower opacity add-on for other PSCo boilers when the lower Regional Haze PM limit takes effect (in these cases, the PM limit dropped from 0.1 lb/MMBtu to 0.03 lb/MMBtu), so this will make the CAM requirements consistent with the other PSCo facilities subject to Regional Haze requirements. Therefore, language was added to the CAM plan in Appendix G indicating that the maximum opacity add-on value was lowered to 3.5%. In addition, the table in Section II was revised to address the performance testing requirements for the Regional Haze PM limits.

Streamlined Requirements (included in the permit shield - Section IV.3 of the permit)

- The reporting of excursions (from CAM indicators) that is included in Reg 3, Part F, Section VII.E for BART sources was streamlined from the permit, since reporting of excursions is already required under the CAM requirements.
- In addition, the language in Reg 3, Part F, Section VII.E specifying that performance test results for PM testing shall be submitted within 60 days of the tests was streamlined from the permit since the permit currently requires that the results of PM tests be submitted within 45 days of the test.

Other Changes

Page Following Cover Page

- Changed the responsible official and permit contact.
- Changed the address under “issued to”.
- Revised to include the full company name (i.e., “Public Service Company of Colorado”, rather than “Public Service Company”). This change is also reflected in the headers and footers and the tables in Appendices B and C.

Section I - General Activities and Summary

- Condition 1.4 was revised to remove Section IV, Condition 3.d as a state-only requirement, since EPA approved these provisions into Colorado’s SIP effective October 6, 2008. In addition, Section II, Condition 1.12 was removed because the Division rescinded the state-only lead requirement.

Section II.1 – Boilers, Coal-Fired

- Condition 1.12 was revised to remove the state-only lead standard of 1.5 µg/m³. Since EPA promulgated a more stringent national ambient air quality standard for lead in 2008, the Division removed the state-only lead requirement from Colorado Regulation No. 8, Part C. Therefore, the requirement is being removed from the permit. Note that the lead NAAQS will not be included in the permit as NAAQS are not considered applicable requirements and as such are not included in Title V permits.

Section II.12 – Continuous Emission and Continuous Opacity Monitoring Systems

- The phrase “may elect to” in the first paragraph of Condition 12.4.6 (monitoring requirements when the COMS is down) was replaced with “shall”.

Section II.14 – Lead Periodic Monitoring

- Removed Condition 14.1 (Reg 8 lead standard).

Section II.16 – Auxiliary Boiler

The language in Condition 16.7 refers to a future requirement for a case-by-case 112(j) MACT application. However, EPA promulgated final requirements for Industrial, Commercial and Institutional Boilers and Process Heaters in 40 CFR Part 63 Subpart DDDDD. Therefore, the case-by-case MACT requirements in 112(j) no longer apply. Since the boiler burns distillate oil as a primary fuel, with natural gas fired for its pilot burners, the unit is subject to emission limitations under 40 CFR Part 63 Subpart DDDDD. Since the requirements in Subpart DDDDD are substantive they cannot be incorporated into the permit as a minor modification. In addition, Subpart DDDDD

provides a number of compliance options, existing sources have 3 years to comply and EPA has proposed revisions to the requirements in Subpart DDDDDD so there is uncertainty regarding what requirements apply and how the source will comply. However, the Division considers that it is necessary to remove the case-by-case 112(j) MACT requirement, since this requirement no longer applies. Therefore, the Division has revised Condition 16.7 to require the source to submit an application to modify their Title V permit within one year of the compliance date to incorporate the chosen compliance options into the permit.

Section III – Acid Rain Requirements

- Revised the Designated Representative and Alternate Designated Representative.

Section V – General Conditions

- Revised the version date.
- The paragraph in Condition 3.d indicating that the requirements are state-only has been removed, since EPA approved these provisions into Colorado's SIP effective October 6, 2008.
- Revised Condition 29 (VOC) to include a paragraph indicating that paragraphs a, b and e apply to sources located in an ozone non-attainment area or the Denver 1-hour ozone attainment/maintenance area and the requirements in paragraphs c and d apply statewide. In addition, the first phrase in paragraph a was removed.

Appendices

- Added a fluorescent lamp crusher to the insignificant activity list in Appendix A.
- Changed the name of the Division contact for reports in Appendix D.